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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-08 FRB-01 INR-10
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LAB-04 SIL-01 OMB-01 PA-02 DOE-15 SOE-02 INT-05
L-03 AGRE-00 /102 W
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R 160706Z JUN 78
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC 6945
INFO USDOC WASHDC
AMCONSUL ZAGREB POUCH

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DEPARTMENT PLEASE PASS TO EXIMBANK

EO 11652: NA
TAGS: BEXP, YO
SUBJ: U.S.Y.E.C. MEETING IN DUBROVNIK

1. THE FOURTH ANNUAL JOINT MEETING OF THE US-YUGOSLAV ECONOMIC COUNCIL AND ITS YUGOSLAV COUNTERPART ORGANIZATION, THE YUGOSLAV CHAMBER FOR THE PROMOTION OF ECONOMIC COOPERATION WITH THE USA, WAS HELD JUNE 4-7 IN DUBROVNIK AT THE HOTEL LIBERTAS.

2. SEVENTY ONE US FIRMS (133 REPRESENTATIVES) AND 101 YUGOSLAV FIRMS (201 REPRESENTATIVES) PARTICIPATED IN THE MEETING. US ATTENDANCE BOTH IN TERMS OF FIRMS AND REPRESENTATIVES WAS THE HIGHEST TO DATE. THE NUMBER OF YUGOSLAV FIRMS PARTICIPATING THIS YEAR WAS SLIGHTLY LESS THAN LAST YEAR BUT THE NUMBER OF REPRESENTATIVES INCREASED BY ONE THIRD.

3. A NUMBER OF HIGH LEVEL US AND YUGOSLAV GOVERNMENT OFFICIALS ATTENDED THE PLENARY SESSION ON JUNE 5. ON THE US SIDE AMBASSADOR EAGLEBURGER, EXIM CHAIRMAN MOORE AND STATE DEPARTMENT DEPUTY ASSISTANT SECRETARY LUERS MADE
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SPEECHES AND VERNON STANSBURY OF COMMERCE DELIVERED A MESSAGE FROM SECRETARY KREPS. ON THE YUGOSLAV SIDE ILIJA VAKIC, PRESIDENT OF THE YUGOSLAV CHAMBER OF ECONOMY, MR. BRANISLAV IKONIC, VICE PRESIDENT OF THE FEDERAL EXECUTIVE COUNCIL, MR. MUHAMED HADZIC, PRESIDENT OF THE YUGOSLAV SELF MANAGEMENT INTEREST COMMUNITY FOR ECONOMIC RELATIONS WITH FOREIGN COUNTRIES (SIZ), MR. BRANKO COLANOVIC, PRESIDENT

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OF THE YUGOSLAV ASSOCIATION OF BANKS AND MR. DIMCE BELOVSKI,
YUGOSLAV AMBASSADOR THE THE US, ADDRESSED THE GROUP.

4. JOINT US-YUGOSLAV INDUSTRY GOUP MEETINGS WERE HELD
ON NINE DIFFERNET TOPICS ON JUNE 5 IN THE AFTERNOON (E.G.
ENERGY, MINING AND METALS, CONSUMER GOODS, ETC). OF THESE
GROUPS THE BANKING AND FINANCE ONE ATTRACTED THE MOST
ATTENDANCE. INDIVIDUAL MEETINGS BETWEEN US AND YUGOSLAV
BUSINESSMEN WERE HELD JUNE 6 AND 7. IN ADDITION TO THE
305 REGISTERED MEETINGS THERE WERE ALSO MANY INFORMAL GET
TOGETHERS.

5. POINTS FREQUENLTY EMPHASIZED DURING THE MEETING BY
YUGOSLAVS WERE: THE HIGH COST OF FOREIGN BANK FINANCING,
THE NEED FOR GREATER US/YUGOSLAV COOPERATION IN THIRD
COUNTRY MARKETS AND CONCERN THAT THE LEVEL OF BILATERAL
ECONOMIC RELATIONS DOES NOT CORRESPOND TO THE "EXCELLENT
POLITICAL RELATIONS". US BUSINESSMEN AND GOVERNMENT
OFFICIALS EMPHASIZED THE NEED FOR: GREATER CLARIFICATION
ON COUNTERTRADE PROVISIONS AND THE NEW JOINT VENTURE LAW:
MORE ASSISTANCE IN ESTABLISHING REPRESENTATION OFFICES:
AND IN GENERAL GREATER INFORMATION ON THE YUGOSLAV MARKET.
CHAIRMAN MOORE EMPHASIZED THAT EXIM WILL BE SIGNIFICANTLY
MORE ACTIVE IN YUGOSLAVIA THAN IN THE RECENT PAST. MANY
US AND YUGOSLAV PARTICIPANTS EXPRESSED INTEREST IN THE
JOINT GOVERNMENTAL WORKING GROUPS BEING FORMED IN BELGRADE
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AND WASHINGTON AND AGREED THAT YUGOSLAVIA MUST DEVOTE
MORE RESOURCES AND BE MORE AGGRESSIVE IF IT IS TO REALLY
PENETRATE THE US MARKET.

6. THE UNRESOLVED PROBLEM OF CONFLICTING US/YUGOSLAV
TRADE STATISTICS WAS GLARINGLY EVIDENT IN THE PLENARY
SESSION WHEN YUGOSLAV SPEAKERS WERE EMPHASIZING
A SUBSTANTIAL INCREASE IN US/YUGOSLAV TRADE IN
1977 AND US SPEAKERS WERE QUOTING FIGURES SHOWING NO
TRADE INCREASE FOR THAT YEAR. AMBASSADOR EAGLEBURGER
POINTED OUT THE PROBLEM AND URGED THAT SOMETHING
BE DONE TO QUICKLY RESOLVE THESE STATISTICAL DISCREPANCIES.

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7. DURING THE PLENARY SESSION ON THE FINAL DAY OF THE MEETING MR. CHARLES WEAVER OF WESTINGHOUSE WAS ANNOUNCED AS THE CHAIRMAN OF THE USYEC FOR THE COMING YEAR REPLACING PETER GREER; JAMES WALKER'S TITLE WAS CHANGED FROM EXECUTIVE SECRETARY OF THE USYEC TO PRESIDENT; MR. STANSBURY DELIVERED A MESSAGE FROM COMMERCE ASSISTANT SECRETARY WEIL, AND REPORTS ON THE EARLIER GROUP MEETINGS WERE GIVEN. ONE INTERESTING PROPOSAL SUBMITTED BY THE AGRICULTURE PRODUCTION AND PROCESSING GROUP CALLS FOR THE ESTABLISHMENT OF A JOINT FUND WHICH WOULD BE USED TO SEEK OPPORTUNITIES IN THE US FOR YUGOSLAV GOODS. THE FUND WOULD BE MANAGED BY A BOARD AND WOULD BE FINANCED ON AT LEAST A TEN YEAR BASIS BY US AND YUGOSLAV FIRMS AND BANKS. THIS PROPOSAL WILL BE FURTHER CLARIFIED IN THE MEETING'S FINAL DOCUMENT.

8. COMMENT: OVERALL THIS YEAR'S MEETING WAS A SUCCESS. THANKS TO BETTER ORGANIZATION AND A MORE SUITABLE MEETING FACILITY MANY OF THE ADMINSTRATIVE PROBLEMS ASSOCIATED WITH LAST YEAR'S MEETING WERE AVIODED. TOTAL ACTUAL ATTENDANCE WAS SLIGHTLY IMPROVED OVER LAST YEAR AND
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SCHEDULED MEETINGS HAD FEWER "NO SHOWS". MOST US AND YUGOSLAV BUSINESSMEN BELIEVE THE MEETING WAS WORTHWHILE AND WAS A DEFINITE IMPROVEMENT OVER LAST YEAR. THERE WAS VERY HEAVY, LARGELY FAVORABLE, YUGOSLAV PRESS COVERAGE. ON THE NEGATIVE SIDE THERE WAS SOME DISAPPOINTMENT AMONG US PARTICIPANTS THAT THE SUBSTANTIVE PROGRAM NEVER REALLY ADDRESSED COUNTERTRADE OR THE NEWLY ESTABLISHED SELF MANAGEMENT INTEREST COMMUNITIES FOR FOREIGN ECONOMIC

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RELATIONS. ALSO, THE GROUP MEETINGS, WITH THE EXCEPTION OF BANKING AND FINANCE, LEGAL (I.E. THE NEW JOINT VENTURE LAW), AND AGRICULTURE PRODUCTION AND PROCESSING, WERE DISAPPOINTING. FOR ALL THESE GROUPS ADMINISTRATIVE PREPARATIONS COULD HAVE BEEN IMPORVED. THESE DEFICIENCIES WERE HIGHLIGHTED DURING THE FINAL PLENARY SESSION WHEN ONLY THREE OF THE NINE GROUPS WERE ABLE TO SUBMIT THE PREVIOUSLY REQUESTED ORAL REPORTS ON THE WORK OF THEIR GROUPS.
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